

NEWSLINE

Savings Plus Program

2nd Quarter 2005

SPP Rolls Out New Fund Lineup

We've talked about it for a year. Now the new lineup is ready. In August, the investment choices in our portfolio will be streamlined to represent the top funds available to SPP in each of the major investment categories (asset classes). Our changes reflect the advice of investment professionals, who encourage investors to focus on asset allocation, not individual fund providers, to reach their retirement savings goals.

The Upcoming Fund Changes chart on page 2 shows the new lineup, including the fund providers that will replace some of our old providers. If you hold investments with any of the outgoing providers, SPP will transfer your funds on August 24 to the new provider for that category. Or, if you prefer, you can go online or use SPP's voice response system to select other investments from our lineup.

We mailed you a letter in early July if you hold investments in affected funds. Refer to that letter for the dates

when you must initiate a transaction if you want to move your assets to another fund or change the allocation of future paycheck deferrals. The July letter also explains your option to not take any action and allow SPP to process the changes for you.

Newest Funds

In May, we announced new providers for five of our stock funds, completing our revamped portfolio. These new fund choices are listed in the New Fund Choices chart below. One of these new funds is publicly traded (Mid Cap Blend managed by Cramer Rosenthal McGlynn, LLC). The "ticker symbol" for this fund is in parenthesis. The other four funds are not publicly traded, but their performance and a link to the fund providers can be obtained on our SPP Web site at www.sppforu.com.

The names used for these funds tell you what investment categories each

one belongs to, which helps you identify funds that best suit your asset allocation strategy. Diversification among investment categories yields a more consistent return by smoothing out the highs and lows that historically have occurred between investment categories.

Selection Process

All of SPP's fund providers were chosen through the State's competitive bid process. First, investment providers submitted bids in response to our Request For Proposal. Then, our independent consultants evaluated bid responses to recommend funds for each investment category. The evaluation included historical rates of return above the benchmark for their category; fees that are low compared to the industry average; and whether the fund accurately represents the asset class and investment style we requested in the RFP, to name a few.

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New Fund Choices

Fund Name	Fund Manager
Savings Plus Large Cap Value Fund	Alliance Bernstein Institutional Investment Management
Savings Plus Large Cap Blend Fund	Goldman Sachs Asset Management L.P.
Savings Plus Mid Cap Blend Fund	Cramer Rosenthal McGlynn, LLC (CRIMX)
Savings Plus Small Cap Value Fund	State Street Global Advisors
Savings Plus Socially Responsible Fund	Neuberger Berman (through Hartford Life variable annuity)

Upcoming Fund Changes

Style Box Category	Current Fund	Fund Choices as of August 2005
Fixed Income	Savings Pool	Savings Pool
	American General/VALIC Hartford Money Market Dwight Asset Management	Dwight Asset Management
Bond	Vanguard GNMA Hartford Mortgage Securities HLS Hartford Bond HLS Vanguard Total Bond Market Index (Inst.)	Vanguard Total Bond Market Index (Inst.)
Balanced	Hartford Advisers HLS Janus Balanced	Gartmore Investor Destinations Series - Moderate
Asset Allocation	Gartmore Investor Destination Series	Gartmore Investor Destination Series
Socially Responsible (Large-Cap Value)	Domini Social Equity	Savings Plus Socially Responsible Fund (managed by Neuberger Berman, LLC)
Large-Cap (Value)	Federated Stock Trust American Century Income & Growth	Savings Plus Large Cap Value Fund (managed by Alliance Bernstein Institutional Investment Management)
Large-Cap (Blend)	Hartford Index HLS CalPERS S&P 500 Index	CalPERS S&P 500 Index
	Hartford Stock HLS MFS Capital Opportunities Hartford Capital Appreciation	Savings Plus Large Cap Blend Fund (managed by Goldman Sachs Asset Management, L.P.)
Large-Cap (Growth)	American Funds Growth Fund of America Janus Twenty MFS Mass Investors Growth Stock Vanguard US Growth	American Funds Growth Fund of America
Mid-Cap (Value)	T. Rowe Price Mid-Cap Value	T. Rowe Price Mid-Cap Value
Mid-Cap (Blend)	Accessor Small to Mid-Cap	Savings Plus Mid Cap Blend Fund (managed by Cramer Rosenthal McGlynn, LLC)
Mid-Cap (Growth)	Franklin Small to Mid-Cap Growth T. Rowe Price Mid-Cap Growth	T. Rowe Price Mid-Cap Growth
Small-Cap (Value)	Franklin Balance Sheet Investment	Savings Plus Small Cap Value Fund (managed by State Street Global Advisors)
Small-Cap (Blend)	JP Morgan Investment Management - Undiscovered Managers Behavioral Value Fund (Inst.)	JP Morgan Investment Management - Undiscovered Managers Behavioral Value Fund (Inst.)
Small-Cap (Growth)	Hartford Small Company HLS	Hartford Small Company HLS
International	Janus Advisers International Glenmede Ins. International/PIA	Glenmede Ins. International/PIA

VRS Codes for New Funds

If you plan to invest in any of the five funds joining our lineup next month, here are the codes you'll need to initiate the change via phone. (Transactions done via the SPP Web site don't require these codes.)

When you call the Voice Response System (1-866-566-4777), follow the prompts to reach the menu for processing transactions. (You'll need to have your PIN set up first.) Once you input the requested information, including the change¹ you want to make, you'll be prompted to enter the code for the fund where you want your money to go.

¹"Exchange" means to transfer funds; "allocation" is where you want future paycheck contributions to go; and "contribution" is the amount of your monthly paycheck you want deposited to your SPP 401(k) and/or 457 plan.

VRS Code/Fund Name

7310	Savings Plus Large Cap Blend Fund (Goldman Sachs Asset Management, L.P.)
7311	Savings Plus Large Cap Value Fund (Alliance Capital Management L.P.)
7312	Savings Plus Mid Cap Blend Fund (Cramer Rosenthal McGlynn, LLC)
7313	Savings Plus Small Cap Value Fund (State Street Global Advisors)
7314	Savings Plus Socially Responsible Fund (Hartford Financial Services Group)

Next quarter's *NewsLine* will include a complete list of the VRS fund codes for all our investment choices. Refer to our *Guide to the Voice Response System*, available online and by phone, for a listing of current fund codes.

Investment Fund Update

FUND INVESTIGATIONS

No items to report.

FUND MANAGER CHANGE

Hartford Stock HLS and Hartford Advisers HLS Funds - Steven T. Irons and Saul J. Pannell, senior vice presidents and partners at Harford Investment Management Company, replaced Rand Alexander, senior vice president and partner at Wellington Management Company, as the portfolio managers (effective May 2005). Check the SPP Web site's News page for more information on this change.

WATCH LIST

CRITERIA

Janus Balanced Fund	1 & 3
Janus Adviser International Growth Fund	3
Janus Twenty Fund	3
Hartford Advisers HLS Fund	1 & 2
Hartford Stock HLS Fund	1 & 2
MFS Capital Opportunities Fund	1
MFS Massachusetts Investors Growth Stock Fund	1
Vanguard US Growth Fund	1

WATCH LIST CRITERIA:

- 1 Did not meet the established performance standards (benchmark/peer universe) over preceding 3/5-year period
- 2 Investment manager changed or such change appears imminent; this change may have detrimental effect on fund
- 3 Significant change in ownership or control of the fund provider
- 4 Material change occurred in investment focus/strategy, capitalization, or investment style
- 5 Substantial portfolio turnover within the fund
- 6 Violation of a Security and Exchange Commission rule or regulation
- 7 Fund experienced difficulty transacting trades, fund transfers, or pricing
- 8 Fund experienced problems in procedures or operations, which may detract from Savings Plus objectives
- 9 Violation of contract terms

Sign up for "SPP Updates"

In case you haven't heard, we offer an email subscription called "SPP Updates." We're building this list to help keep you informed about goings-on in SPP, including news about the new funds we're adding. It's easy to sign up. Just go to DPA's Web site at www.dpa.ca.gov and click on the DPA Subscriptions graphic in the upper right corner. Follow the instructions to become an "SPP Updates" subscriber. Be sure to reply to the automated confirmation email you receive after you sign up.

PCRA Trade Fees Go Lower

Have you heard the news? For you experienced investors in the Schwab Personal Choice Retirement Account (PCRA), the electronic equity trade commissions were reduced as of April 18, 2005. Below are the reduced rates.

For more information about this reduction, you can view the letter from Charles Schwab & Co., Inc. at our Web site, www.sppforu.com, under Employee Services and Information (*PCRA Trade Fees Reduced*). You can also phone the PCRA Call Center at 1-888-393-7272.

Electronic Equity Trade Pricing Effective April 18, 2005			
Number of PCRA Trades per Quarter	Less than \$50K PCRA Balance	\$50K to \$999,999 PCRA Balance	\$1,000,000 or more PCRA Balance
0 to 8	\$19.95	\$12.95	\$9.95 unlimited
9 to 29	\$12.95	\$12.95	\$9.95 unlimited
30 or More	\$9.95 unlimited	\$9.95 unlimited	\$9.95 unlimited

Commissions for executed equity trades up to 1,000 shares and \$.015 for each additional share.



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How to Reach Us

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